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SUBJECT: CHINA STILL SUPPORTS MUSHARRAF; IS CONCERNED ABOUT
PAKISTAN-BASED TERRORISM

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Classified By: Poitical Minister Counselor Aubrey Carlson. Reasos 1.4
(B/D).

¶1. (C) Summary: Chinese schoars downplayed the significance of Pakistan President Musharraf's April 10-15 visit to China in recent discussions with PolOff, but scholars and Chinese Government officials alike reaffirmed Chinese support for Musharraf despite his declining authority in the wake of recent Pakistani election results. China remains concerned that Pakistan's Government cannot control extremist and terrorist elements that threaten Chinese interests in Pakistan and fuel separatism in western China. Chinese officials were non-committal on the Iran-Pakistan-China pipeline and Chashma III and IV nuclear power plant projects broached by Pakistan during Musharraf's visit. End Summary.

¶2. (C) MFA Asian Affairs Department Afghanistan and Pakistan Division Deputy Director Wang Lixin on April 21 briefed PolOff on Pakistan President Pervez Musharraf's April 10-15 trip to China, his fourth visit since assuming the Presidency in 1999. Musharraf met separately with Chinese President Hu Jintao, National People's Congress Chairman Wu Bangguo, Premier Wen Jiabao and other senior leaders. In addition to attending the Boao Forum on Asia in Hainan Province, Musharraf made his first trip to Xinjiang Uighur Autonomous Region in China's far west.

¶3. (C) Saying that the two sides affirmed "complete satisfaction in all areas" of the bilateral relationship, Wang told PolOff that China expressed its appreciation to Musharraf for his work in developing the China-Pakistan strategic partnership over the past nine years. In addition to the two sides' target of USD 15 billion in bilateral trade at "an early date," the Chinese Government agreed to lend Pakistan's Government USD 500 million to help address a "balance of payments" crisis. Wang said that Musharraf reported on domestic developments in Pakistan. Musharraf reportedly emphasized that Pakistan held a "fair, transparent, and credible" election and that the new government is committed to continuing friendly relations with China. Wang stated that Musharraf's first visit to Xinjiang focused on promoting economic ties between the China's far northwestern province and Pakistan.

¶4. (C) Like a number of his fellow South Asia scholars with whom we spoke, MFA-affiliated China Institute for International Studies (CIIS) South Asia scholar Zheng Ruixiang downplayed the significance of the visit, saying Musharraf had been invited to the Boao Forum prior to the

formation of the new coalition government in Pakistan. Zheng said the Joint Statement and the "Five-Point Proposal for PRC-Pakistan Strategic Partnership" are "nothing new" and merely document existing bilateral ties.

Musharraf's Importance to China

15. (C) Though our scholarly contacts minimized the significance of this particular visit, Government officials and scholars grappled with how to accept Musharraf's diminishing authority while still affirming his importance. In a recent seminar on Asia conducted by the China Reform Forum and Carnegie Endowment for International Peace (attended by S/P Director David Gordon), MFA Policy Planning Division Counselor Ou Boqian said that "at this critical point in time," China and other concerned nations "need to send a clear signal that Musharraf is still very important." Pressed by seminar participants who pointed out that the Pakistan election delivered a negative verdict on Musharraf, Counselor Ou qualified her statement, saying that Musharraf's role "depends on the people of Pakistan."

16. (C) CIIS' Zheng said that China did not intend to send a special message of support for Musharraf through this visit. However, Zheng added, "China's position (on Musharraf) has been very clear." China "supported (Musharraf) for the last nine years," and "Musharraf has done more than enough" for U.S. (and Chinese) interests in his counter-terrorism efforts in the face of anti-American pressure in Pakistan. Separately, Chinese Academy of Social Sciences South Asia scholar Liu Jian told us that because of Musharraf's long tenure as leader in Pakistan, "China trusts Musharraf" and considers him "an important statesman." However, "as a scholar," Liu added, he doubts how much longer Musharraf can remain in power. Other scholars, such as CASS' Sun Shihai,

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said they believe that the natural antagonisms inherent in the PPP/PML-N coalition government will lead to political instability and leave Musharraf in a comparatively stronger position, particularly because of his ties to the Pakistani Army.

Three "Isms" Still a Concern

17. (C) Sun said that despite the loss of seats by Islamic fundamentalist parties in the last election, rising extremism remains a threat and the Taliban still enjoys considerable sympathy in Pakistan. Separately, CASS' Liu agreed that religious extremism is increasing, adding that the loss of seats by the Muttahida Majlis-e-Amal (MMA) coalition during the February parliamentary elections is only "a temporary setback" for Islamic forces. Ministry of State Security-affiliated China Institutes of Contemporary International Relations South Asia and Counter-Terrorism Scholar Fu Xiaoqiang said that though the MMA coalition of religious parties has broken up into its constituent parties, the separate parties still have much influence in the tribal areas and Punjab. He claimed that Jamiat Ulema-e-Islam Fazl's inclusion in the coalition government and its influence on Nawaz Sharif and PM Yousef Gillani will result in an "adjustment" of government policies affecting the role of Islam in Pakistani society, which will have negative consequences for Pakistan's counter-terrorism efforts.

18. (C) MFA Deputy Director Wang said that during Musharraf's visit the two sides discussed counter-terrorism initiatives in Pakistan. Contrary to Pakistan media reports, however, Wang said that counter-terrorism issues were not discussed during Musharraf's visit to Xinjiang. CICIR's Fu said that Al Qaeda maintains strong links to the East Turkistan Islamic Movement and that members receive training in Taliban-controlled areas in Pakistan. CIIS' Zheng stated that "seven or eight" terrorist groups are infiltrating China

from Pakistan and that the Chinese Government wishes to see Pakistan control its borders. CICIR's Fu added that as a large investor in Pakistan, the Chinese Government remains concerned about Pakistan's security situation, particularly for the many Chinese nationals working in remote areas. Fu said "Musharraf has no capability to control the tribal areas." (Note: China's official concerns about separatist activities are reflected in remarks in the Pakistani press attributed to Chinese Ambassador Luo Zhaohui, who claimed that the "Turkestan Islamic Movement . . . is really sometimes active, very active, from your areas (in Pakistan).")

Iran-Pakistan-China pipeline

¶9. (C) MFA Deputy Director Wang said Musharraf's recent visit was the first time Chinese officials had heard of the Iran-Pakistan-China (I-P-C) pipeline proposal. CICIR's Fu said Musharraf's proposal for an I-P-C pipeline, along with the idea of a railway along the Karakorum highway, are evidence of his "bold plan" to seek further Chinese investment and technical resources to develop the frontier regions in Pakistan. He said that Musharraf hopes to entice Chinese investment in remote areas of Pakistan that Western companies have avoided since 9/11. As a practical matter, Fu added, part of Pakistan's impetus for the pipeline idea stems from difficulties in developing the Iran-Pakistan-India pipeline. Pressure from the United States on India, security issues in Baluchistan and India's increasing (and U.S.-supported) interest in obtaining oil from Turkmenistan via Afghanistan (and Pakistan) militate against the successful development of the Iran-Pakistan-India pipeline. Fu labeled the I-P-C idea "just a design," adding that one Chinese company earlier concluded that such a pipeline is infeasible.

No Chinese commitment on Chashma III and IV

¶10. (C) MFA Deputy Director Wang said Pakistan expressed the hope that the Chinese Government would continue to support Pakistan's energy needs, including nuclear energy and hydropower projects. Wang was noncommittal on China's position on the Chashma III and IV nuclear power plant projects. CICIR's Fu said Pakistan is pushing for China's assistance in developing Chashma III and IV because Pakistan

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feels that the U.S.-India 123 Nuclear Agreement could lead to Pakistan's being left behind India in nuclear technology.
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